

LEHMAN BROTHERS

RONALD A. STACK
MANAGING DIRECTOR - PUBLIC FINANCE
FID - MUNICIPALS

21 May, 2008

Mr. Michael Belsky
Group Managing Director
Fitch Ratings
70 West Madison Street
Chicago, IL 60602

Ms. Gail Sussman
Group Managing Director
Moody's Investors Service
250 Greenwich Street
New York, NY 10007

Mr. William Montrone
Head of US Public Finance
Standard & Poor's
55 Water Street
New York, NY 10041

Dear Mr. Belsky, Ms. Sussman and Mr. Montrone:

I would like to add my endorsement to the important goal of creating fair standards by which municipal bonds are rated vis-à-vis other bonds in the capital markets, including corporate bonds.

The current two-tier ratings system can frequently create unfair conditions for municipal issuers. Holding municipal bonds to a significantly higher standard than corporate issues -- despite proven default studies that illustrate a much higher level of safety for municipal financings -- can subject state and local governments to higher costs over the life of their outstanding bonds. If all bonds in the market -- regardless of issuer -- were held to the same standards, those sold by government borrowers would inevitably rise to a level where their superior long-term risk profile is accurately valued by the market. As the capital markets have become increasingly more integrated and international, the establishment of a uniform set of standards will benefit all market participants.

Additionally, the two separate systems of ratings can be confusing to some segments of the buying public, particularly new entrants into the fixed income markets at the retail level, who are trying to ascertain the advantages or disadvantages of various fixed income products. In an era where clarity and transparency in the capital markets is as important as ever, the rationale for dual ratings systems is highly questionable. One past argument for dual rating systems, that is, the lower disclosure standards imposed on the municipal marketplace, no longer can be supported given the steady expansion of continuing disclosure requirements established in recent years, and the significant amount of public agency information that is readily available electronically via the Internet.

I would also add that the lack of a level or fair playing field resulting from the dual rating systems limits the buyer base for municipal bonds. In past years, we have had success illustrating the value of purchasing municipal bonds to non-traditional buyers who desire to hedge their equity investments with an allocation of fixed income securities. My Firm's municipal research team has shown non-traditional buyers that municipal bonds have a relative low correlation to the core risk in many taxable investment portfolios. A two-tier ratings system complicates the efforts of buyers who seek to compare MBS, Corporate and Municipal asset

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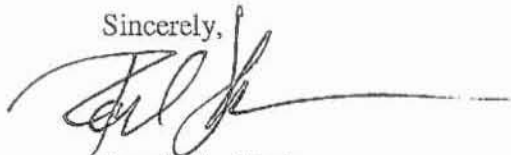
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classes for purposes of hedging market volatility, and makes our efforts to expand the buying base for municipal issues more challenging. A standard ratings system will make an apples-to-apples comparison among different fixed income products more realistic.

I believe that the dual ratings system is especially problematic in the variable rate market, particularly by limiting those bonds that qualify for investment under SEC Rule 2a-7. During the most recent market turmoil and the downgrades of the monoline insurers, we witnessed forced selling of taxable floating rate municipal issues with strong underlying credits that, under a single ratings system, would have remained money fund eligible.

Finally, I believe that liquidity in the secondary market will be enhanced by a single, uniform rating standard. While there are some market participants who appreciate the greater "granularity" of the municipal scale, the decision about whether to continue to provide some greater "granularity" for municipal ratings should not delay the broad imposition of a truly comparable rating scale that would be the primary, if not exclusive, market measurement for municipal and non-municipal credits, alike.

Sincerely,

A handwritten signature in dark ink, appearing to read 'R. Stack', followed by a long horizontal line extending to the right.

Ronald A. Stack
Managing Director and
Head of Public Finance